



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF HUMAN SERVICES

FISCAL YEAR

2004 - 2005

The Office of the Child Advocate has exserted pages from the Department of Human Services Budget Analysis for the Fiscal Year of 04-05. These were exserted for the purpose of The DYFS Reform Plan. To view the complete document go to this web address:

<http://www.njleg.state.nj.us/legislativepub/budget/human05.pdf>

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Questions or comments may be directed to the OLS Human Services Section (609-292-1646) or the Legislative Budget and Finance Office (609-292-8030).

Background Paper: Use of the Federal Supply Schedule Could Reduce State Drug Costs at the Veterans Nursing Homes

for drugs purchased for patients at state veterans homes which receive a federal per diem rate, although it would appear that the State reimburses the vendor at a higher rate.

Available information indicates that the FSS price would reduce drug costs at the veterans homes by about 35%, or \$1.5 - \$1.9 million annually, depending on the financial arrangement with the vendor as to how to share the savings².

Since drug manufacturers were supposed to make the FSS price available for all drugs purchased on behalf of State veterans homes as of January 1993, the Medicaid program may be entitled to the FSS price retroactively. While drug expenditures back to 1993 on behalf of the three veterans nursing home are not readily available, based on the \$1.9 million in FY 2005 for potential savings by using the FSS price, the amount potentially recoverable from drug manufactures could exceed \$10 million.

²Estimated Average Wholesale Price of drugs at the veterans nursing homes before 13% discount: \$4,937,000
Estimated Federal Supply Schedule cost (48.3% discount from AWP): \$2,385,000.
Potential Savings: \$4,295,000 (with 13% discount) - \$2,385,000 = \$1,910,000.

Background Paper: Respite Admissions and Federal ICF-MR Revenues

Budget Pages.... D-207 to D-218

Funding (\$000)	Expended FY 2003	Adj. Approp. FY 2004	Recomm. FY 2005
Developmental Centers:	<u>\$367,214</u>	<u>\$385,261</u>	<u>\$391,097</u>
State	203,888	210,757	210,757
Federal/Other	163,326	174,504	180,340

SUMMARY

State costs can be reduced by between \$0.5 million and \$0.6 million by classifying all, or some, clients who receive respite care at various developmental centers "temporary admissions." Offsetting the reduction in State funds, federal ICF-MR reimbursements will increase by an equal amount.

BACKGROUND

Clients living in the community may receive respite care at a developmental center. These clients are not formally admitted to the developmental center because the respite placement is considered temporary. If a respite placement exceeds 30 days, the client could be admitted to the developmental center. In reality, few clients, even if they exceed 30 days of respite placement at a developmental center, are admitted.

Between July - December 2003, 1,622 days of respite care were provided at five developmental centers as follows:

Respite stays of less than 10 days - 165
 Respite stays of between 10 and 19 days - 417
 Respite stays of between 20 and 29 days - 306
 Respite stays of 30/31 days - 734

The estimated annual cost of providing respite care is about \$1.2 million.¹ Federal ICF-MR reimbursement (assuming that the client is ICF-MR eligible, which most are) is not available because the respite client has not been admitted to the developmental center, and federal Community Care Waiver funds cannot be obtained for that client because the respite client is not in the community.

ANALYSIS

State costs could be reduced by up to \$0.6 million, with an offsetting increase in federal revenues (assuming all clients meet ICF-MR standards), if all clients receiving respite services at developmental centers were classified as a "temporary admission," regardless of the number of days of service. Alternatively, State costs could be reduced by \$0.5 million with a comparable increase in federal revenues, if all clients receiving respite services at developmental centers for 10 or more days were classified as a "temporary admission".

¹July - December respite days annualized X the average ICF-MR per diem rate at the developmental centers that provide respite services.

Background Paper: The DYFS Reform Plan

This Background Paper provides a summary of the fiscal impact of the DYFS Reform Plan, **A New Beginning: The Future of Child Welfare in New Jersey**, as submitted for approval to the **New Jersey Child Welfare Panel** (Panel).¹ The plan consolidates spending into broad categories with limited detail and there are aspects of the plan for which no specific dollar amount is cited.

The plan seeks to achieve the **Improved Outcomes For Children** outlined in the Court Agreement:

- Decrease the length of time in care for children with a goal of reunification.
- Decrease the length of time in care for children with a goal of adoption.
- Increase the proportion of siblings in resource (foster) homes who are placed together.
- Increase the proportion of children in resource (foster) homes who are appropriately placed with relatives.
- Increase the proportion of children in resource (foster) homes who are placed in their home neighborhoods.
- Decrease the incidence of abuse and neglect of children in out-of-home care.
- Decrease the proportion of children in out-of-home care who are placed in congregate settings.
- Decrease the average number of placement moves experienced by children while in out-of-home care.
- Increase the proportion of children in care, and their families, who receive the services they need.
- Decrease the rate of re-entries into out-of-home care.
- Reduce the number of adoptive and pre-adoptive placements that disrupt.

The Court Agreement vests the Panel with the authority to set "specific numerical measures and time frames for each of these outcomes."

FY 2005

TOTAL STATE FUNDS: \$125.4 million, including:

- Create 862 new treatment slots, including outpatient, long term residential and assisted partial care beds for substance abusing parents of children under DYFS supervision - **\$10 million.**
- Create 25 short-term residential treatment beds and 125 intensive outpatient treatment slots for substance abusing adolescents - **\$2.3 million.**
- Purchase and renovate one residential treatment facility - **\$1 million.**
- Expand a Statewide program providing specialized services for children whose parents are victims of domestic violence - **\$2 million.**
- Expand child behavioral health services, including Mobile Response, Youth Case Management, Treatment Homes, Behavioral Assistance and Intensive In-Community supports - **\$12 million.**
- Create resource (foster) family supports, including child and respite care services, enrichment activities for children and after-school and other support services- **\$2 million.**

¹In settling a lawsuit filed by Children's Rights, Inc. (June 2003), the State agreed to the creation of a New Jersey Child Welfare Panel (funded by the Annie E. Casey Foundation). The Panel will provide technical assistance, review and monitor the State's plan to reform the child welfare system. During an 18-month period, the Panel will issue three public reports on the State's progress. After the 18-month period, another expert or one of the Panel members will continue to monitor the State's progress. After two years of sustained compliance with the plan, the Agreement will end.

Background Paper: The DYFS Reform Plan

- Implement a Comprehensive Health Evaluation Program (CHEP) for children entering resource (foster) homes so that within 30 days of placement children will be screened for acute or chronic conditions, assessed for immunization status, and have behavioral, substance abuse and developmental assessments - **\$2 million (combined State and federal funds)**.
- Reallocate Balanced Housing Neighborhood Preservation funds to rehabilitate resource (foster) homes or homes where children under the supervision of DYFS live with their biological families - **\$1 million**.
- Allocate Department of Community Affairs (DCA) HOME Production Investment funds to create 40 affordable rental housing units for eligible, low-income families with children under DYFS supervision - **\$2 million**.
- Expand DCA's Home Ownership Permanency Program (HOPP) (which makes low interest loans), with programs of the Housing and Mortgage Financing Agency (HMFA), to enable adoptive families to purchase homes, and provide low interest rehabilitation loans to pre-adoptive families to construct additions or accessibility improvements to their homes - **\$5 million**.
- Create a HMFA and DYFS low interest loan program to enable organizations and public entities to construct or enhance transitional and permanent housing opportunities for youth with specialized needs who are "aging out" of resource (foster) care, and to assist at-risk youth achieve self-sufficiency - **\$400,000**.
- Use DCA Homeless Prevention funds and federal tenant-based rental assistance funds to provide housing assistance to 100 women who leave domestic violence shelters and need permanent housing arrangements - **\$1.26 million**.

FY 2006 AND SUBSEQUENT YEARS

TOTAL STATE FUNDS FY 2006: \$180.2 million, including:

- Continue to expand substance abuse services for parents of children under DYFS supervision, over a five-year period to provide 2,302 additional treatment slots- **\$58 million in total**.
- Continue to develop 125 residential beds and 625 outpatient treatment slots over a five-year period - **\$2.3 million annually, or \$11.5 million in total**.
- Continue to expand a Statewide domestic violence program providing specialized services for children over a five-year period - **\$2 million annually, or \$10 million in total**.
- Create additional resource family supports - **\$2 million annually**.
- Continue to expand child behavioral health services- **\$12 million annually**.
- Extend CHEP to children entering resource (foster) care within 30 days of placement- **\$2 million annually (combined State and federal funds)**.
- Continue to reallocate Balanced Housing Neighborhood Preservation funds over a five-year period- **\$1 million annually, or \$5 million in total**.
- Allocate additional DCA HOME Production Investment funds over a five-year period- **\$500,000 annually, or \$4 million in total**.
- Continue to expand HOPP over a four-year period- **\$1.7 million, or \$11.2 million in total**.
- Continue a HMFA and DYFS low interest loan program over a five-year period- **\$400,000 annually, or \$2 million in total**.
- Develop a HUD-Section 8 demonstration program to provide 100 permanent housing vouchers for low income families with children under DYFS supervision over a five-year period- **\$1.5 million in 2006, \$4.8 million total**.
- During the latter half of FY 2005, DYFS/DCA will develop a Request for Proposal to encourage emergency shelter/homeless provider agencies to apply to become non-profit housing developers to create additional permanent housing slots for 160 DYFS families leaving emergency or transitional placements for more permanent living arrangements over

Background Paper: The DYFS Reform Plan

- a five-year period. Awards will be made by the beginning of FY 2006 - **\$7.7 million in total.**
- Propose regulatory amendments by December 2005 to expand emergency assistance grants for families at risk of homelessness or whose children are at risk to become victims of child abuse or neglect- **\$4.3 million.**
- Direct DCA funds and federal rental assistance funds to provide housing assistance to victims of domestic violence over a five-year period- **\$1.26 million annually, or \$6.3 million in total.**

COSTS FOR WHICH NO SPECIFIC DOLLAR AMOUNTS ARE PROVIDED

- Hire and train 416 new child protection and permanency workers.
- Hire and train 48 new casework supervisors.
- Hire and train 136 new adolescent workers.
- Hire and train 191 new resource family support workers.
- Hire and train additional Law Guardian personnel.
- Hire and train additional Deputy Attorneys General.
- Establish 12 new community collaboratives.
- Enhance services (unspecified), with emphasis on neighborhoods with the highest need.
- Monthly maintenance rates paid kinship care providers will be increased to the rate paid to resource (foster) families. In addition, resource family board rates will be increased by 25%, to 100% of the United States Department of Agriculture standard of costs for middle-income, two-parent families raising children in the urban Northeast.
- Recruit 1,000 new resource (foster) family homes by June 2005.
- Establish a New Jersey Child Welfare Training Academy.
- Create 30-40 transitional housing beds, annually, for adolescents who have aged out of the resource (foster) care system.
- Develop an array of after care services by faith-based and community organizations for 200 DYFS involved youths, age 18-21, who need specific supports (emergency food, clothing and housing grants and subsidies) to prepare for adulthood.
- Implement a 24-hour centralized call center for the screening of child abuse or neglect allegations.
- Establish various new administrative structures, such as a new **Division of Prevention and Community Partnerships**, that will be responsible for developing partnerships with communities Statewide to serve families involved with DYFS and those families needing more primary prevention services, and an **Office of Child Behavioral Health Services** that would provide direct behavioral health services to children. A **Special Deputy Commissioner for Children's Services**, who will head the Office of Children's Services, would oversee the operations of these new units and the reorganized child protection and permanency division. As part of the plan, the **Division of Addiction Services** and most of its functions are to be transferred from the Department of Health and Senior Services to the Department of Human Services.

Background Paper: Division of Youth and Family Services Staffing and Program Statistics

BACKGROUND AND ANALYSIS

The following tables compare data over several years at the same point in time (January), to assess the DYFS' progress in improving staffing, increasing adoptions, reducing the number of children in foster care and reducing the time children are in out-of-home placements.

In view of the recently released DYFS reform plan, **A New Beginning: The Future of Child Welfare in New Jersey (February 2004)**, the data below provides information on DYFS' past efforts to improve child welfare and may provide baseline data to assess progress in implementing the reform plan.

District Office (DO) and Adoption Resource Center (ARC) Staffing as a Percent of Child Welfare League of America Standard (CWLA)

	Jan. 1998	Jan. 1999	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003	Jan. 2004
ARCs	62.9%	61.2%	59.8%	66.8%	78.1%	84.6%	70.7%
Central DOs	80.5%	81.4%	81.0%	75.5%	80.1%	94.2%	83.5%
Metro DOs	79.2%	76.0%	80.2%	71.6%	78.7%	77.6%	56.7%
Northern DOs	85.5%	81.1%	80.9%	75.2%	78.6%	87.0%	69.8%
Southern DOs	78.5%	73.3%	67.2%	63.1%	70.2%	75.4%	65.8%
Case Carrying Staff, DOs & ARCs	1,199	1,263	1,252	1,327	1,488	1,502	1,739

The number of case carrying staff has increased since 1997 and staffing levels, as a percentage of the CWLA standard, had improved, in some instances significantly, between January 2001 and January 2003. However, a significant percentage of caseworker staff is relatively new and inexperienced. At one point, 25% of the casework staff was classified as "trainees."

Between January 2003 and January 2004, despite a net increase of more than 200 additional caseworkers, staffing levels, as a percentage of the CWLA standard, have declined significantly due to a dramatic increase in caseloads. The number of children on DYFS' active caseloads increased from about 47,000 to nearly 64,700 between January 2003 and January 2004.

Average Number of Children in Subsidized Adoptions

	Jan. 1998	Jan. 1999	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003	Jan. 2004
Number of Children	5,769	6,045	6,208	6,594	7,102	7,694	8,071
% Change	n.a.	4.8%	2.7%	6.2%	7.7%	8.3%	4.9%

The number of children in subsidized adoptions has increased by nearly 40% since 1998.

Background Paper: Division of Youth and Family Services Staffing and Program Statistics (cont'd)

As a result, the federal government has awarded the State over \$3.6 million in adoption incentive bonuses between federal FY 1999 - 2003.

Average Number of Children in Foster Care*

	Jan. 1998	Jan. 1999	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003	Jan. 2004
Number of Children	6,821	6,863	6,961	7,147	8,012	8,594	9,971
% Change	n.a.	0.6%	1.4%	2.7%	12.1%	7.3%	16.0%

* Includes children in Regular Foster Care, Relative Support and Para/Foster Care.

The number of children in foster care has increased by over 46% since 1998 and approached 10,000 (January 2004). (The foster care figure includes children who are in a "free" placement, i.e., the State is not making a foster care payment.)

Avg. Months in Placement for Children in Foster Care with a DYFS Goal to Return Home

All Foster Children			Children with One Placement		Children with Multiple Placements	
	Total # of Children	Avg. Total Months in All Foster Placements	# of Children	Avg. Total Months in Placement	# of Children	Avg. Total Months in All Placements
Jan. 1998	2,399	17.2	1,223	12.6	1,176	22.5
Jan. 1999	2,257	17.4	1,139	13.5	1,118	21.7
Jan. 2000	2,055	16.4	1,046	11.6	1,009	21.4
Jan. 2001	1,955	15.8	1,007	10.8	948	21.0
Jan. 2002	2,221	13.7	1,233	9.7	988	18.7
Jan. 2003	2,823	8.4	1,535	8.7	1,288	15.8
Jan. 2004	4,128	10.1	2,008	6.9	2,120	13.1

Between January 1998 and January 2004, progress was made in reducing the average months children in foster care with a "return home" goal are in foster care, with average months in foster care decreasing 41.2%, from 17.2 days to 10.1 days.

The increase in the number of children in foster care with a "return home" goal and the reduction in the average months in placement since January 2002 may be attributable to the inclusion of children in kinship foster care. The inclusion of kinship children may also account for the reduction in the average length of stay in foster placements as such placements may be for short periods of time.

Avg. Months in Placement for Children in Foster Care with a DYFS Goal of "Adoption"